UNITED NATIONS DEVELOPMENT PROGRAMME

UNDP

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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF THE REGIONAL BUREAU FOR AFRICA

IPF: (1992-1996) $181 600 000

(RAF/93/002) - Preferential Trade Area for Eastern and Southern Africa (PTA)
Trade Development and Promotion

Date of approval by the AC:[1]	28 July 1993
Expected duration:	Three years
Proposed executing agency:	International Trade Center (ITC)
Government implementing agency:	PTA Secretariat, PTA Bank, Chambers of Commerce & Industry (FCCI)
Proposed UNDP contribution:	$ 1 205 600 Source of funds: IPF
Third-party cost sharing:	$ 1 769 900 Source of funds: (The Netherlands)
	$ 789 400 Source of funds: (Belgium)
Total UNDP budget:	$ 3 764 900

Project background

Principal arrangements for regional integration are trade-based. Over the last decade important progress has been made in implementing the various provisions of the treaty of the Preferential Trade Area (PTA) for Eastern and Southern Africa. Yet, a consensus has emerged on the need to accelerate the process of market integration if the goal of creating a common market by the year 2000 is to be attained. For this purpose the PTA formulated the PTA Trade and Development Strategy which was adopted by the PTA Authority in January 1992. An initiative to facilitate cross-border private investment, trade and payments in the PTA, Southern African Development Community (SADC), Indian Ocean Commission (IOC) sub-region was launched in June 1992 with the support of the CEC, ADB, IMF and WB. The initiative seeks to build on the progress achieved under the national structural adjustment programs and to strengthen the momentum generated by PTA, SADC and IOC towards regional integration. A Common Program of Action (CPA) has been elaborated by Country Technical Working Groups. The CPA consists of measures in the areas of (i) Trade; (ii) Payments and Exchange Systems; (iii) Investment; and (iv) Institutional Development.

A major objective of the initiative will be to support the reduction of tariff and non-tariff barriers. A major thrust of the PTA strategy in the 1990s will be the implementation of an integrated programme of trade development and promotion

[1] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

activities, building on the achievements obtained to date in fostering intra-PTA trade expansion. The focus of this PTA strategy is to further enhance awareness of the PTA market potential and to broaden assistance to the business community in taking advantage of existing intra-PTA trade opportunities.

Description of project

The project aims at making a contribution to the process of economic integration in Eastern and Southern Africa, through trade expansion and institutional development. Based on experience gained in the Fourth UNDP Cycle, particularly in the fields of market development and trade information services, as well as in terms of capacities already developed, the PTA Trade Development and Promotion Programme consists of different modules, grouping related activities within an integrated framework as follows: (1) Market and production development and promotion which deals with (a) successful completion of trade negotiations of around $250 million among PTA business enterprises by the terminal year of the programme, as a result of 60 supply and demand surveys, 5 buyers/sellers meetings and other marketing missions; and (b) realization of an export target of $ 5 million per annum for 10 to 15 pilot enterprises, and additional catalytic/multiplier effect, as a result of support in designing export expansion plan and supporting export market management, product adaptation etc.. (2) Trade Information Services which involves ensuring continuous and regular flow of information required for the expansion and diversification of intra-PTA trade in a sustainable manner to the business communities of the member States, through an upgrading and expansion of the capacity of the Trade Information Network (TINET); and (3) Support Services for intra-PTA Trade and Investment Promotion which entails the (a) introduction of specific trade financing schemes by the PTA Bank and cooperating national institutions; and (b) establishment and/or strengthening of capabilities in the PTA Federation of Chambers of Commerce and Industry and other similar organizations, to assist the export- and import-oriented business communities in their intra-PTA trade expansion efforts.

Inputs

UNDP will provide 118 work-months for four advisers in respectively, trade promotion, trade information, export finance and computerization; 50 work-months for consultancies in fairs, enterprises, trade information, financial services and chambers of commerce; administrative support personnel; subcontracts for supply/demand surveys; group training, including buyers/sellers meetings, trade info, financial services and chambers of commerce; equipment for office equipment, reproduction, computers for network and logistics; and miscellaneous costs.

Financial data

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Personnel	2 667 400
Subcontract	142 500
Training	435 000
Equipment	238 000
Miscellaneous	282 000
Total	3 764 900